
Section 1: 8-K (SWN FORM 8-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): February 28, 2019

SOUTHWESTERN ENERGY COMPANY

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

001-08246
(Commission File Number)

71-0205415
(IRS Employer Identification No.)

10000 Energy Drive
Spring, Texas
(Address of principal executive offices)

77389
(Zip Code)

(832) 796-1000
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Explanatory Note

The information in this report provided under Item 2.02, including Exhibit 99.1 attached hereto, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section, and shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

SECTION 2 - Financial Information

Item 2.02 Results of Operations and Financial Condition.

On February 28, 2019, Southwestern Energy Company (the "Company") issued a press release announcing the Company's financial results for the year ended December 31, 2018 ([Exhibit 99.1](#)). The press release is being furnished as [Exhibit 99.1](#).

SECTION 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

[99.1](#)

[Press release announcing earnings dated February 28, 2019.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SOUTHWESTERN ENERGY COMPANY

Dated: February 28, 2019

By: /s/ JULIAN M. BOTT
Name: Julian M. Bott
Title: Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press release announcing earnings dated February 28, 2019.

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Section 2: EX-99 (10-K 2018 EARNINGS RELEASE)



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NEWS RELEASE

SOUTHWESTERN ENERGY ANNOUNCES QUARTERLY AND 2018 RESULTS

Continued outperformance, advantaged balance sheet, foundation set for value growth

SPRING, Texas – February 28, 2019...Southwestern Energy Company (NYSE: SWN) today announced financial and operating results for the fourth quarter and year-end December 31, 2018. Fiscal year 2018 highlights, compared to prior year include:

- Reported net cash provided by operating activities of \$1.22 billion and net cash flow of \$1.35 billion, generating \$100 million in free cash flow above capital investment of \$1.25 billion;
- Total Company production of 946 Bcfe, above midpoint of guidance, adjusted for Fayetteville sale;
- Grew Appalachia production 21 percent to 702 Bcfe and liquids production 40 percent to 63,100 barrels per day;
- 23 percent higher weighted average realized price in Appalachia of \$2.82 per Mcfe, net of transportation;
- Generated a \$1.66 per Mcfe margin in Appalachia, an increase of 43 percent;
- Total Company proved reserves of 11.9 Tcfe, including 33 percent liquids, and pre-tax PV-10 value of \$6.5 billion;
- Restructured G&A and reduced interest costs resulting in estimated future annual savings of \$155 million;
- Closed Fayetteville sale on December 3rd receiving net proceeds of \$1.65 billion;
- Reduced senior notes and bank debt by \$2.1 billion;
- Repurchased 44 million shares of common stock for \$199 million at an average price of \$4.53 per share, as of February 28, 2019.

“The Company’s continued outperformance, the resulting advantaged balance sheet and impressive operational execution have set a solid foundation for further value growth,” said Bill Way, President and Chief Executive Officer, Southwestern Energy. “We carry strong momentum into 2019, refocused, reengineered and reenergized as a leading Appalachia basin operator, with a flexible, high value natural gas and natural gas liquids portfolio, supported by a net debt/EBITDA ratio of less than 2X.”

FINANCIAL STATISTICS

	For the three months ended		For the year ended	
	December 31,		December 31,	
	2018	2017	2018	2017
Financial Results (in millions, except per share amounts)				
Net income attributable to common stock	\$ 307	\$ 267	\$ 535	\$ 815
Adjusted net income attributable to common stock (non-GAAP)	\$ 176	\$ 63	\$ 590	\$ 219
Adjusted EBITDA (non-GAAP)	\$ 394	\$ 345	\$ 1,484	\$ 1,247

Net cash provided by operating activities	\$	252	\$	308	\$	1,223	\$	1,097
Net cash flow (non-GAAP)	\$	359	\$	322	\$	1,352	\$	1,138
Total Capital Investments	\$	209	\$	347	\$	1,248	\$	1,293

OPERATING STATISTICS	For the three months ended		For the year ended	
	December 31,		December 31,	
	2018	2017	2018	2017
Production				
Gas production (Bcf)	194	210	807	797
Oil production (MBbls)	1,073	580	3,407	2,327
NGL production (MBbls)	5,434	4,111	19,706	14,245
Total production (Bcfe)	234	239	946	897
Division Production				
Northeast Appalachia (Bcf)	118	110	459	395
Southwest Appalachia (Bcfe)	71	52	243	183
Fayetteville Shale (Bcf) ⁽¹⁾	44	75	243	316
Average unit costs per Mcfe				
Lease operating expenses	\$ 0.93	\$ 0.91	\$ 0.93	\$ 0.90
General & administrative expenses	\$ 0.18	\$ 0.23	\$ 0.19	\$ 0.22 ⁽⁴⁾
Taxes, other than income taxes	\$ 0.10	\$ 0.07	\$ 0.09	\$ 0.10
Full cost pool amortization	\$ 0.53	\$ 0.48	\$ 0.51	\$ 0.45
⁽¹⁾ The Fayetteville Shale assets and associated reserves were sold on December 3, 2018. ⁽²⁾ Excludes \$18 million restructuring charges (including severance) and \$1 million of legal settlement charges. ⁽³⁾ Excludes \$36 million restructuring charges (including severance) and \$9 million of legal settlement charges. ⁽⁴⁾ Excludes \$5 million of legal settlement charges. ⁽⁵⁾ Excludes \$1 million of restructuring charges.				

COMMODITY PRICES	For the three months ended		For the year ended	
	December 31,		December 31,	
	2018	2017	2018	2017
Natural Gas Price:				
NYMEX Henry Hub Price (\$/MMBtu) ⁽¹⁾	\$ 3.64	\$ 2.93	\$ 3.09	\$ 3.11
Discount (Differential) to NYMEX ⁽²⁾	(0.66)	(0.93)	(0.64)	(0.88)
Average realized gas price per Mcf, excluding derivatives	\$ 2.98	\$ 2.00	\$ 2.45	\$ 2.23
Gain (loss) on settled financial basis derivatives (\$/Mcf)	(0.02)	0.07	(0.04)	(0.01)
Gain (loss) on settled commodity derivatives (\$/Mcf)	(0.48)	0.05	(0.06)	(0.03)
Average realized gas price per Mcf, including derivatives	\$ 2.48	\$ 2.12	\$ 2.35	\$ 2.19
Oil Price:				
WTI oil price (\$/Bbl)	\$ 58.81	\$ 55.40	\$ 64.77	\$ 50.96
Discount (Differential) to WTI	(7.94)	(7.35)	(7.98)	(7.84)
Average oil price per Bbl, excluding derivatives	\$ 50.87	\$ 48.05	\$ 56.79	\$ 43.12
Average oil price per Bbl, including derivatives	\$ 50.37	\$ 48.05	\$ 56.07	\$ 43.12
NGL Price:				
Average net realized NGL price per Bbl, excluding derivatives	\$ 18.59	\$ 17.97	\$ 17.91	\$ 14.46
Average net realized NGL price per Bbl, including derivatives	\$ 18.49	\$ 17.99	\$ 17.23	\$ 14.48
Percentage of WTI	32%	32%	28%	28%
Average net realized C3+ price per Bbl, excluding derivatives	\$ 32.26	\$ 39.38	\$ 34.46	\$ 30.08
Average net realized C3+ price per Bbl, including derivatives	\$ 32.75	\$ 39.38	\$ 33.77	\$ 30.08
Percentage of WTI	55%	71%	53%	59%
Total Weighted Average Realized Price:				
Appalachian Basin, excluding derivatives (\$/Mcf)	\$ 3.31	\$ 2.17	\$ 2.82	\$ 2.30
Total Company				
Excluding derivatives (\$/Mcf)	\$ 3.15	\$ 2.19	\$ 2.66	\$ 2.32
Including derivatives (\$/Mcf)	\$ 2.72	\$ 2.30	\$ 2.57	\$ 2.29

⁽¹⁾ Based on last day monthly futures settlement prices.

⁽²⁾ This discount includes a basis differential, a heating content adjustment, physical basis sales, third-party transportation charges and fuel charges and excludes financial basis derivatives.

Financial Results

Southwestern Energy recorded net income attributable to common stock of \$307 million or \$0.54 per diluted share and \$535 million or \$0.93 per diluted share for the fourth quarter and year ended December 31, 2018, respectively. For full year 2018, net income reflects stronger operating performance driven by 78 percent higher liquids revenue of \$548 million, which was partially offset by impairments associated with the Fayetteville sale, restructuring charges and unsettled derivative losses of \$24 million in 2018 compared to an unsettled derivative gain of \$451 million in 2017. Excluding the impact of unsettled derivatives, net income attributable to common stock was 54 percent higher for 2018 compared to the prior year. For the fourth quarter of 2018, net income was higher than 2017, due to higher natural gas and liquids revenue, offset by a settled derivative loss of \$99 million in the fourth quarter and the impact of restructuring charges.

For the full year 2018, adjusted net income was \$590 million, more than \$370 million above the prior year. For the fourth quarter of 2018, adjusted net income attributable to common stock was \$176 million, a 179 percent increase compared to the same quarter last year. Adjusted net income incorporates the impact of an assumed corporate tax rate of 24.5 percent, and excludes unsettled derivatives, as well as other one-time charges.

For the fiscal year 2018, adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA") was \$1,484 million, 19 percent above 2017 due to improved realized prices, increased production and reduced general and administrative expenses, partially offset by higher operating expenses related to a shift to more liquids-rich production in Southwest Appalachia. The primary components of adjusted EBITDA included \$1,168 million from Appalachia operations and \$377 million from Fayetteville operations, including Fayetteville Midstream. Adjusted EBITDA was \$49 million higher in the fourth quarter of 2018 compared to a year ago, and includes two months of Fayetteville ownership.

For the full year 2018, weighted average realized price excluding derivatives was \$2.66 per Mcfe, 15 percent or 34 cents higher than the prior year. Including derivatives, weighted average realized pricing was \$2.57 per Mcfe, 12 percent above the prior year. For fiscal year 2018, Appalachia weighted average realized pricing was \$2.82 per Mcfe, a \$0.52 per Mcfe improvement compared to the prior year due to natural gas basis improvement, higher liquids production and improved liquids pricing.

For the fourth quarter of 2018, weighted average realized pricing, excluding derivatives was \$3.15 per Mcfe, which was 44 percent higher than the prior period, driven primarily by the impact of higher NGL and oil production and price realizations. Including the impact of derivative settlement losses of \$99 million, weighted average realized pricing was \$2.72 per Mcfe, 18 percent higher than the prior year. Appalachia weighted average realized pricing was \$3.31 per Mcfe in the fourth quarter, 53 percent above the prior year.

Total debt reduction for 2018 was \$2.1 billion, including credit facility refinancing and the repurchase of senior notes. During the fourth quarter of 2018, the Company closed on the sale of its Fayetteville Shale assets and used the net proceeds received of \$1.65

billion to repurchase \$900 million of senior notes, repurchase shares of common stock and repay all outstanding borrowings under its revolving credit facility, pending additional investments. Cash on hand at year-end was \$201 million.

Pursuant to the Company's \$200 million authorized share repurchase program, during the fourth quarter of 2018, the Company invested \$156 million to repurchase 34 million shares of common stock at an average price of \$4.55 per share. In total, as of February 28, 2019, the Company has repurchased 44 million shares for a cumulative total of \$199 million at an average price of \$4.53 per share.

Southwestern Energy continues to execute a disciplined hedging program with physical, financial and basis derivatives on its forecasted natural gas, natural gas liquids and oil production. A summary of the Company's financial derivative position is provided in the attached financial tables. Additional information on physical and financial derivatives can be found in the Company's 2018 Form 10-K.

Operational Review

In 2018, the Company invested \$1.23 billion in E&P operations which includes \$1.11 billion in Appalachia and \$60 million on the Southwest Appalachia water project. Southwestern Energy drilled 106 wells, completed 119 wells and placed 138 wells to sales.

During the fourth quarter of 2018, Southwestern invested a total of approximately \$175 million in its Appalachia operations and \$21 million on the water project. The Company drilled 15 wells, completed 11 wells and placed 25 wells to sales.

Southwest Appalachia – In 2018, Southwest Appalachia's total net production increased 33 percent to 243 Bcfe and included 63,100 barrels per day of liquids. Liquids comprised 57 percent of production volumes. The Company brought 76 wells online, with approximately 80 percent of the wells located in the super rich acreage. The Company drilled and completed 71 Marcellus wells.

In the fourth quarter, the Company drilled nine wells, completed five and placed 17 to sales. These included two Upper Devonian wells with initial liquids production of 49 percent. Delineation of the Upper Devonian will continue in 2019.

On a full year basis, weighted average realized price on a natural gas equivalent basis was \$3.34 per Mcfe, a \$0.25 per Mcfe uplift compared to the NYMEX gas price of \$3.09 per MMBtu. For the fourth quarter, weighted average realized price was \$3.62 per Mcfe. The uplift is directly related to higher liquids production and premium pricing received from the sale of natural gas liquids and oil.

Northeast Appalachia – Northeast Appalachia's 2018 total net production increased to 459 Bcf, up 16 percent. The increase in production was mainly due to Tioga well outperformance, gathering capacity expansion and cycle time improvements. The Company drilled 41 wells, completed 54 wells and placed 60 wells to sales.

Well activity in the fourth quarter of 2018 included six drilled wells, six completions and eight wells to sales. One of the eight wells brought online was a Company record, ultra-long lateral of 16,272 feet that met all timing, cost and initial production forecasts. The Company continues to increase its lateral lengths and plans to drill and complete more ultra-long laterals in 2019.

Three Months Ended December 31, 2018 E&P Division Results

	Appalachia		Fayetteville
	Northeast	Southwest	Shale ⁽¹⁾
Gas Production (Bcf)	118	32	44
Liquids Production			
NGL (MBbls)	–	5,431	–
Oil (MBbls)	–	1,065	–
Production (Bcfe)	118	71	44
Gross operated production (MMcfe/d)	1,536	1,213	–
Net operated production (MMcfe/d)	1,256	752	–
Capital investments (\$ in millions)			
Exploratory and development drilling, including workovers	\$ 51	\$ 75	\$ –
Acquisition and leasehold	4	1	–
Seismic and other	–	–	1
Capitalized interest and expense	7	37	2
Total capital investments	\$ 62	\$ 113	\$ 3
Gross operated well activity summary			
Drilled	6	9	–
Completed	6	5	–
Wells to sales	8	17	–
Average completed well cost (in millions)	\$ 9.7 ⁽²⁾	\$ 9.0 ⁽²⁾	\$ –
Average lateral length (in ft)	9,119	6,992 ⁽³⁾	–
Realized Natural Gas Price			
NYMEX Henry Hub Price (\$/MMBtu)	\$ 3.64	\$ 3.64	\$ 3.64
Discount to NYMEX ⁽⁴⁾	(0.51)	(0.48)	(1.22)
Average realized gas price per Mcf, excluding derivatives	\$ 3.13	\$ 3.16	\$ 2.42
Total weighted average realized price per Mcfe, excluding derivatives	\$ 3.13	\$ 3.62	\$ 2.42

(1) The Fayetteville Shale assets and associated reserves were sold on December 3, 2018.

(2) Average completed well cost includes Marcellus wells only and amounts for delineation and science.

(3) Average lateral length includes Marcellus wells only.

(4) This discount includes a basis differential, a heating content adjustment, physical basis sales, third-party transportation charges and fuel charges, and excludes financial basis derivatives.

Year Ended December 31, 2018 E&P Division Results

	Appalachia		Fayetteville
	Northeast	Southwest	Shale ⁽¹⁾
Gas Production (Bcf)	459	105	243
Liquids Production			
NGL (MBbls)	–	19,679	–
Oil (MBbls)	–	3,355	–
Production (Bcfe)	459	243	243
Gross operated production (MMcfe/d)	1,536	1,213	–
Net operated production (MMcfe/d)	1,256	752	–

Capital investments (\$ in millions)

Exploratory and development drilling, including workovers	\$ 370	\$ 502	\$ 15
Acquisition and leasehold	14	37	–
Seismic and other	3	4	5
Capitalized interest and expense	35	148	13
Total capital investments	\$ 422	\$ 691	\$ 33

Gross operated well activity summary

Drilled	41	63	2
Completed	54	63	2
Wells to sales	60	76	2

Average completed well cost (in millions)	\$ 7.5 ⁽²⁾	\$ 9.2 ⁽²⁾	\$ –
Average lateral length (in ft)	7,584	7,267 ⁽³⁾	–

Realized Natural Gas Price

NYMEX Henry Hub Price (\$/MMBtu)	\$ 3.09	\$ 3.09	\$ 3.09
Discount to NYMEX ⁽⁴⁾	(0.55)	(0.51)	(0.88)
Average realized gas price per Mcf, excluding derivatives	\$ 2.54	\$ 2.58	\$ 2.21
Total weighted average realized price per Mcfe, excluding derivatives	\$ 2.54	\$ 3.34	\$ 2.21

(1) The Fayetteville Shale assets and associated reserves were sold on December 3, 2018.

(2) Average completed well cost includes Marcellus wells only and amounts for delineation and science.

(3) Average lateral length includes Marcellus wells only.

(4) This discount includes a basis differential, a heating content adjustment, physical basis sales, third-party transportation charges and fuel charges, and excludes financial basis derivatives.

2018 Proved Reserves

The Company's estimated proved natural gas, natural gas liquids and oil reserves, audited by an independent petroleum engineering firm, were 11.9 Tcfe as of December 31, 2018. The reserve life index was approximately 17 years at year-end 2018, excluding production associated with Fayetteville. The following tables detail additional information relating to reserve estimates as of and for the year ended December 31, 2018:

Proved Reserves Summary

	For the years ended December 31,	
	2018	2017
Proved reserves (in Bcfe)	11,921	14,775
Prices used		
Natural gas (per Mcf)	\$ 3.10	\$ 2.98
Oil (per Bbl)	\$ 65.56	\$ 47.79
Natural Gas Liquids (per Bbl)	\$ 17.64	\$ 14.41
PV-10:		
Pre-Tax (millions)	\$ 6,524	\$ 5,784
PV of Taxes (millions)	(525)	(222)
After-Tax (millions)	\$ 5,999	\$ 5,562
Percent of estimated proved reserves that are:		
Natural gas	67%	75%
Natural gas liquids and oil	33%	25%
Proved developed	47%	54%

2018 Proved Reserves by Commodity

	Natural Gas (Bcf)	Oil (MBbls)	NGL (MBbls)	Total (Bcfe)
Proved reserves, beginning of year	11,126	65,636	542,455	14,775
Revisions of previous estimates due to price	96	788	8,912	154
Revisions of previous estimates other than price	316	410	8,855	372
Extensions, discoveries and other additions	753	5,830	36,823	1,009
Production	(807)	(3,407)	(19,706)	(946)
Acquisition of reserves in place	-	-	-	-
Disposition of reserves in place ⁽¹⁾	(3,440)	(250)	(276)	(3,443)
Proved reserves, end of year	8,044	69,007	577,063	11,921
Proved developed reserves:				
Beginning of year	6,979	14,513	142,213	7,920
End of year	4,395	18,037	175,480	5,557

Note: Amounts may not add due to rounding

(1) The 2018 disposition is primarily associated with the Fayetteville Shale sale.

2018 Proved Reserves by Division

	Appalachia		Fayetteville	Other ⁽²⁾	Total
	Northeast	Southwest	Shale ⁽¹⁾		
Estimated Proved Reserves (Bcfe):					
Reserves, beginning of year	4,126	6,962	3,679	8	14,775
Revisions of previous estimates due to price	41	106	6	1	154
Revisions of previous estimates other than price	107	272	(6)	(1)	372
Extensions, discoveries and other additions	551	457	1	-	1,009
Production	(459)	(243)	(243)	(1)	(946)
Acquisition of reserves in place	-	-	-	-	-
Disposition of reserves in place	-	-	(3,437)	(6)	(3,443)
Reserves, end of year	4,366	7,554	-	1	11,921

(1) The Fayetteville Shale E&P assets and associated reserves were divested December 3, 2018.

(2) Other includes properties outside of the Appalachian Basin and Fayetteville Shale.

2018 PROVED RESERVES BY CATEGORY AND SUMMARY OPERATING DATA ⁽¹⁾

	Appalachia		Other ⁽²⁾	Total
	Northeast	Southwest		
Estimated proved reserves:				
Natural gas (Bcf):				
Developed	3,327	1,068	–	4,395
Undeveloped	1,039	2,610	–	3,649
	<u>4,366</u>	<u>3,678</u>	<u>–</u>	<u>8,044</u>
Crude oil (MMBbls):				
Developed	–	17.9	0.1	18.0
Undeveloped	–	51.0	–	51.0
	<u>–</u>	<u>68.9</u>	<u>0.1</u>	<u>69.0</u>
Natural gas liquids (MMBbls):				
Developed	–	175.5	–	175.5
Undeveloped	–	401.6	–	401.6
	<u>–</u>	<u>577.1</u>	<u>–</u>	<u>577.1</u>
Total proved reserves (Bcfe) ⁽³⁾ :				
Developed	3,327	2,229	1	5,557
Undeveloped	1,039	5,325	–	6,364
	<u>4,366</u>	<u>7,554</u>	<u>1</u>	<u>11,921</u>
Percent of total	37%	63%	0%	100%
Percent proved developed	76%	30%	100%	47%
Percent proved undeveloped	24%	70%	0%	53%
Production (Bcfe)	459	243	244 ⁽⁴⁾	946
Capital investments (in millions)	\$ 422	\$ 691	\$ 118 ⁽⁵⁾	\$ 1,231
Total gross producing wells ⁽⁶⁾	666	466	17	1,149
Total net producing wells ⁽⁶⁾	592	333	14	939
Total net acreage	184,024	297,445	166,120 ⁽⁷⁾	647,589
Net undeveloped acreage	73,174	220,331	153,159 ⁽⁷⁾	446,664
PV-10:				
Pre-tax (in millions) ⁽⁸⁾	\$ 3,054	\$ 3,470	\$ –	\$ 6,524
PV of taxes (in millions) ⁽⁸⁾	(245)	(280)	–	(525)
After-tax (in millions) ⁽⁸⁾	\$ 2,809	\$ 3,190	\$ –	\$ 5,999
Percent of total	47%	53%	0%	100%
Percent operated ⁽⁹⁾	99%	100%	100%	99%

(1) The Fayetteville Shale E&P assets and associated reserves were divested on December 3, 2018.

(2) Other reserves and acreage consists primarily of properties in Colorado. Production and capital investing includes Fayetteville Shale.

(3) We have no reserves from synthetic gas, synthetic oil or nonrenewable natural resources intended to be upgraded into synthetic gas or oil. We used standard engineering and geoscience methods, or a combination of methodologies in determining estimates of material properties, including performance and test date analysis offset statistical analogy of performance data, volumetric evaluation, including analysis of petrophysical parameters (including porosity, net pay, fluid saturations (i.e., water, oil and gas) and permeability) in combination with estimated reservoir parameters (including reservoir temperature and pressure, formation depth and formation volume factors), geological analysis, including structure and isopach maps and seismic analysis, including review of 2-D and 3-D data to ascertain faults, closure and other factors.

(4) Includes 243 Bcf of natural gas production related to our Fayetteville Shale operations which were sold on December 3, 2018.

(5) Other capital investments includes \$33 million related to our Fayetteville Shale operations which were sold on December 3, 2018, \$60 million related to our water infrastructure project, \$16 million related to our E&P service companies and \$9 million related to our exploration activities.

(6) Represents producing wells, including 394 wells in which we only have an overriding royalty interest in Northeast Appalachia, used in the December 31, 2018 reserves calculation.

(7) Excludes exploration licenses for 2,518,519 net acres in New Brunswick, Canada, which have been subject to a moratorium since 2015.

(8) Pre-tax PV-10 (a non-GAAP measure) is one measure of the value of a company's proved reserves that we believe is used by securities analysts to compare relative values among peer companies without regard to income taxes. The reconciling difference in pre-tax PV-10 and the after-tax PV-10, or standardized measure, is the discounted value of future income taxes on the estimated cash flows from our proved natural gas, oil and NGL reserves.

(9) Based upon pre-tax PV-10 of proved developed producing activities.

The Company's 2018 and three-year average proved developed finding and development (PD F&D) costs were \$0.70 and \$0.72 per Mcfe, respectively, when excluding the impact of capitalizing interest and portions of capitalized G&A costs in accordance with the full cost method of accounting.

Total Company PD F&D	12 Months Ended December 31,			Three-Year
	2018	2017	2016	Total 2018
Total PD Adds (Bcfe):				
New PD adds	177	1,258	257	1,692
PUD conversions	1,139 ⁽²⁾	46	220	1,405
Total PD Adds	1,316	1,304	477	3,097
Costs Incurred (in millions):				
Unproved property acquisition costs	\$ 164	\$ 194	\$ 171	\$ 529
Exploration costs	5	22	17	44
Development costs	1,014	1,024	433	2,471
Capitalized Costs Incurred	\$ 1,183	\$ 1,240	\$ 621	\$ 3,044
Subtract (in millions):				
Proved property acquisition costs	\$ -	\$ -	\$ -	\$ -
Unproved property acquisition costs	(164)	(194)	(171)	(529)
Capitalized interest and expense associated with development and exploration ⁽¹⁾	(93)	(103)	(91)	(287)
PD Costs Incurred	\$ 926	\$ 943	\$ 359	\$ 2,228
PD F&D	\$ 0.70	\$ 0.72	\$ 0.75	\$ 0.72

Note: Amounts may not add due to rounding

(1) Adjusting for the impacts of the full cost accounting method for comparability.

(2) Includes increased reserve estimates of 43 Bcfe in the Appalachian Basin, associated with productivity enhancements for newly developed PUD locations.

Conference Call

Southwestern Energy will host a conference call and webcast on Friday, March 1, 2019 at 9:30 a.m. Central to discuss fourth quarter and year-end 2018 results. To participate, dial US toll-free 877-883-0383, or international 412-902-6505 and enter access code 9372440. The conference call will webcast live at www.swn.com.

To listen to a replay of the call, dial 877-344-7529, International 412-317-0088, or Canada Toll Free 855-669-9658. Enter replay access code 10128185. The replay will be available until March 20, 2019.

About Southwestern Energy

Southwestern Energy Company is an independent energy company engaged in natural gas, natural gas liquids and oil exploration, development, production and marketing. For additional information, visit our website www.swn.com.

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Forward Looking Statement

This news release contains forward-looking statements. Forward-looking statements relate to future events and anticipated results of operations, business strategies, and other aspects of our operations or operating results. In many cases you can identify forward-looking statements by terminology such as “anticipate,” “intend,” “plan,” “project,” “estimate,” “continue,” “potential,” “should,” “could,” “may,” “will,” “objective,” “guidance,” “outlook,” “effort,” “expect,” “believe,” “predict,” “budget,” “projection,” “goal,” “forecast,” “target” or similar words. Statements may be forward looking even in the absence of these particular words. Where, in any forward-looking statement, the Company expresses an expectation or belief as to future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, there can be no assurance that such expectation or belief will result or be achieved. The actual results of operations can and will be affected by a variety of risks and other matters including, but not limited to, changes in commodity prices (including geographic basis differentials); changes in expected levels of natural gas and oil reserves or production; operating hazards, drilling risks, unsuccessful exploratory activities; natural disasters; limited access to capital or significantly higher cost of capital related to illiquidity or uncertainty in the domestic or international financial markets; international monetary conditions; the risks related to the discontinuation of LIBOR and/or other reference rates that may be introduced following the transition, including increased expenses and litigation and the effectiveness of interest rate hedge strategies; unexpected cost increases; potential liability for remedial actions under existing or future environmental regulations; failure or delay in obtaining necessary regulatory approvals; potential liability resulting from pending or future litigation; general domestic and international economic and political conditions; the impact of a prolonged federal, state or local government shutdown and threats not to increase the federal government’s debt limit; as well as changes in tax, environmental and other laws, including court rulings, applicable to our business. Other factors that could cause actual results to differ materially from those described in the forward-looking statements include other economic, business, competitive and/or regulatory factors affecting our business generally as set forth in our filings with the Securities and Exchange Commission. Unless legally required, Southwestern Energy Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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STATEMENTS OF OPERATIONS
Southwestern Energy Company and Subsidiaries

	For the three months ended		For the years ended	
	December 31,		December 31,	
	2018	2017	2018	2017
(in millions, except share/per share amounts)				
Operating Revenues				
Gas sales	\$ 586	\$ 425	\$ 1,998	\$ 1,793
Oil sales	55	29	196	102
NGL sales	100	74	352	206
Marketing	417	236	1,222	972
Gas gathering	16	41	89	126
Other	1	4	5	4
	<u>1,175</u>	<u>809</u>	<u>3,862</u>	<u>3,203</u>
Operating Costs and Expenses				
Marketing purchases	421	236	1,229	976
Operating expenses	197	190	785	671
General and administrative expenses	44	63	209	233
Restructuring charges	19	–	39	–
Depreciation, depletion and amortization	134	140	560	504
Impairments	–	–	171	–
Gain on sale of assets, net	(17)	(6)	(17)	(6)
Taxes, other than income taxes	25	19	89	94
	<u>823</u>	<u>642</u>	<u>3,065</u>	<u>2,472</u>
Operating Income	<u>352</u>	<u>167</u>	<u>797</u>	<u>731</u>
Interest Expense				
Interest on debt	51	64	231	239
Other interest charges	2	2	8	9
Interest capitalized	(29)	(28)	(115)	(113)
	<u>24</u>	<u>38</u>	<u>124</u>	<u>135</u>
Gain (Loss) on Derivatives	<u>(10)</u>	<u>127</u>	<u>(118)</u>	<u>422</u>
Loss on Early Extinguishment of Debt	<u>(9)</u>	<u>–</u>	<u>(17)</u>	<u>(70)</u>
Other Income (Loss), Net	<u>(1)</u>	<u>(1)</u>	<u>–</u>	<u>5</u>
Income Before Income Taxes	<u>308</u>	<u>255</u>	<u>538</u>	<u>953</u>
Provision (Benefit) for Income Taxes				
Current	1	(12)	1	(22)
Deferred	–	(67)	–	(71)
	<u>1</u>	<u>(79)</u>	<u>1</u>	<u>(93)</u>
Net Income	<u>307</u>	<u>334</u>	<u>537</u>	<u>1,046</u>
Mandatory convertible preferred stock dividend	–	27	–	108
Participating securities - mandatory convertible preferred stock	–	40	2	123
Net Income Attributable to Common Stock	<u>\$ 307</u>	<u>\$ 267</u>	<u>\$ 535</u>	<u>\$ 815</u>
Income Per Common Share				
Basic	\$ 0.54	\$ 0.53	\$ 0.93	\$ 1.64
Diluted	\$ 0.54	\$ 0.53	\$ 0.93	\$ 1.63
Weighted Average Common Shares Outstanding				
Basic	<u>564,863,538</u>	<u>503,614,377</u>	<u>574,631,756</u>	<u>498,264,321</u>
Diluted	<u>567,773,371</u>	<u>507,137,867</u>	<u>576,642,808</u>	<u>500,804,297</u>

BALANCE SHEETS

Southwestern Energy Company and Subsidiaries

	December 31, 2018	December 31, 2017
	(in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 201	\$ 916
Accounts receivable, net	581	428
Derivative assets	130	130
Other current assets	44	35
Total current assets	956	1,509
Natural gas and oil properties, using the full cost method, including \$1,755 million as of December 31, 2018 and \$1,817 million as of December 31, 2017 excluded from amortization	24,180	23,890
Gathering systems	38	1,315
Other	487	564
Less: Accumulated depreciation, depletion and amortization	(20,049)	(19,997)
Total property and equipment, net	4,656	5,772
Other long-term assets	185	240
TOTAL ASSETS	\$ 5,797	\$ 7,521
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 609	\$ 533
Taxes payable	58	62
Interest payable	52	70
Dividends payable	—	27
Derivative liabilities	79	64
Other current liabilities	48	24
Total current liabilities	846	780
Long-term debt	2,318	4,391
Pension and other postretirement liabilities	46	58
Other long-term liabilities	225	313
Total long-term liabilities	2,589	4,762
Commitment and contingencies		
Equity:		
Common stock, \$0.01 par value; 1,250,000,000 shares authorized; issued 585,407,107 shares as of December 31, 2018 and 512,134,311 as of December 31, 2017	6	5
Preferred stock, \$0.01 par value, 10,000,000 shares authorized, 6.25% Series B Mandatory Convertible, \$1,000 per share liquidation preference, 1,725,000 shares issued and outstanding as of December 31, 2017, converted to common stock on January 12, 2018	—	—
Additional paid-in capital	4,715	4,698
Accumulated deficit	(2,142)	(2,679)
Accumulated other comprehensive loss	(36)	(44)
Common stock in treasury; 39,092,537 shares as of December 31, 2018 and 31,269 shares as of December 31, 2017	(181)	(1)
Total equity	2,362	1,979
TOTAL LIABILITIES AND EQUITY	\$ 5,797	\$ 7,521

STATEMENTS OF CASH FLOWS

Southwestern Energy Company and Subsidiaries

For the years ended
December 31,

2018 2017

(in millions)

Cash Flows From Operating Activities:

Net income	\$	537	\$	1,046
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation, depletion and amortization		560		504
Amortization of debt issuance costs		8		9
Impairments		171		—
Deferred income taxes		—		(71)
(Gain) loss on derivatives, unsettled		24		(451)
Stock-based compensation		14		24
Gain on sales of assets, net		(17)		(6)
Loss on early extinguishment of debt		17		70
Other		(1)		13
Change in assets and liabilities		(90)		(41)
Net cash provided by operating activities		<u>1,223</u>		<u>1,097</u>

Cash Flows From Investing Activities:

Capital investments		(1,290)		(1,268)
Proceeds from sale of property and equipment		1,643		10
Other		6		6
Net cash provided by (used in) investing activities		<u>359</u>		<u>(1,252)</u>

Cash Flows From Financing Activities:

Payments on current portion of long-term debt		—		(328)
Payments on long-term debt		(2,095)		(1,139)
Payments on revolving credit facility		(1,983)		—
Borrowings under revolving credit facility		1,983		—
Change in bank drafts outstanding		17		9
Proceeds from issuance of long-term debt		—		1,150
Debt issuance costs		(9)		(24)
Purchase of treasury stock		(180)		—
Preferred stock dividend		(27)		(16)
Cash paid for tax withholding		(3)		(2)
Other		—		(2)
Net cash used in financing activities		<u>(2,297)</u>		<u>(352)</u>

Decrease in cash and cash equivalents		(715)		(507)
Cash and cash equivalents at beginning of year		916		1,423
Cash and cash equivalents at end of year	\$	<u>201</u>	\$	<u>916</u>

SEGMENT INFORMATION

Southwestern Energy Company and Subsidiaries

<i>(in millions)</i>	Exploration and Production	Midstream Services	Other	Eliminations	Total
Three months ended December 31, 2018 ⁽¹⁾					
Revenues	\$ 735	\$ 1,140	\$ -	\$ (700)	\$ 1,175
Marketing purchases	-	1,087	-	(666)	421
Operating expenses	218	13	-	(34)	197
General and administrative expenses	41	3	-	-	44
Restructuring charges	19	-	-	-	19
Depreciation, depletion and amortization	131	3	-	-	134
(Gain) loss on sale of asset, net	18	(35)	-	-	(17)
Taxes, other than income taxes	24	1	-	-	25
Operating income	284	68	-	-	352
Capital investments ⁽²⁾	206	-	3	-	209

Three months ended December 31, 2017

Revenues	\$ 527	\$ 784	\$ -	\$ (502)	\$ 809
Marketing purchases	-	683	-	(447)	236
Operating expenses	218	24	-	(55)	187
General and administrative expenses	55	8	-	-	63
Depreciation, depletion and amortization	123	17	-	-	140
Gain on sale of assets, net	-	(3)	-	-	(3)
Taxes, other than income taxes	17	1	1	-	19
Operating income (loss)	114	54	(1)	-	167
Capital investments ⁽²⁾	327	11	9	-	347

Twelve months ended December 31, 2018 ⁽³⁾

Revenues	\$ 2,525	\$ 3,745	\$ -	\$ (2,408)	\$ 3,862
Marketing purchases	-	3,455	-	(2,226)	1,229
Operating expenses	878	89	-	(182)	785
General and administrative expenses	186	23	-	-	209
Restructuring charges	37	2	-	-	39
Depreciation, depletion and amortization	514	46	-	-	560
(Gain) loss on sale of asset, net	18	(35)	-	-	(17)
Impairments	15	155	1	-	171
Taxes, other than income taxes	83	6	-	-	89
Operating income (loss)	794	4	(1)	-	797
Capital investments ⁽²⁾	1,231	9	8	-	1,248

Twelve months ended December 31, 2017

Revenues	\$ 2,086	\$ 3,198	\$ -	\$ (2,081)	\$ 3,203
Marketing purchases	-	2,824	-	(1,848)	976
Operating expenses	809	95	-	(233)	671
General and administrative expenses	202	31	-	-	233
Depreciation, depletion and amortization	440	64	-	-	504
Gain on sale of assets, net	-	(6)	-	-	(6)
Taxes, other than income taxes	86	7	1	-	94
Operating income (loss)	549	183	(1)	-	731
Capital investments ⁽²⁾	1,248	32	13	-	1,293

(1) Included the impact of approximately two months of Fayetteville Shale-related E&P and Midstream operations which were divested on December 3, 2018.

(2) Capital investments includes a decrease of \$74 million and an increase of \$13 million for the three months ended December 31, 2018 and 2017, respectively, and a decrease of \$53 million for the year ended December 31, 2018 relating to the change in accrued expenditures between periods. There was no impact to the year ended December 31, 2017.

(3) Included the impact of approximately eleven months of Fayetteville Shale-related E&P and Midstream operations which were divested on December 3, 2018.

Hedging Summary

A detailed breakdown of the Company's derivative financial instruments and financial basis positions as of December 31, 2018 is shown below. Please refer to our annual report on Form 10-K to be filed with the Securities and Exchange Commission for complete information on the Company's commodity, basis and interest rate protection.

Financial Protection on Production

	Volume (Bcf)	Weighted Average Price per MMBtu					Basis Differential	Fair value at December 31, 2018 (\$ in millions)
		Swaps	Sold Puts	Purchased Puts	Sold Calls			
Natural Gas								
<u>2019</u>								
Fixed price swaps	220	\$ 2.93	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 23
Two-way costless collars	53	–	–	2.80	2.98	–	–	4
Three-way costless collars	170	–	2.48	2.90	3.28	–	–	8
Total	443							\$ 35
<u>2020</u>								
Fixed price swaps	24	\$ 2.88	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 5
Three-way costless collars	84	–	2.40	2.73	3.03	–	–	–
Total	108							\$ 5
<u>2021</u>								
Three-way costless collars	37	\$ –	\$ 2.35	\$ 2.60	\$ 2.93	\$ –	\$ –	\$ (1)
Basis swaps								
2019	107	\$ –	\$ –	\$ –	\$ –	\$ (0.29)	\$ –	\$ (10)
2020	59	–	–	–	–	(0.44)	–	(1)
Total	166							\$ (11)

	Volume (MBbls)	Weighted Average Price per Bbl			Fair value at December 31, 2018 (\$ in millions)
		Swaps	Purchased Puts	Sold Calls	
Oil					
<u>2019</u>					
Fixed price swaps ⁽¹⁾	346	\$ 68.74	\$ –	\$ –	\$ 7
Two-way costless collars	329	–	65.00	72.30	6
Total	675				\$ 13
<u>2020</u>					
Fixed price swaps	366	\$ 65.68	\$ –	\$ –	\$ 6
Two-way costless collars	366	–	60.00	69.80	4
Total	732				\$ 10

Propane

2019

Fixed price swaps	1,689	\$ 33.12	\$ –	\$ –	\$ 11
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Ethane

2019

Fixed price swaps	3,687	\$ 13.90	\$ –	\$ –	\$ 4
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2020

Fixed price swaps	732	\$ 13.49	\$ –	\$ –	\$ 1
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(1) Includes 274 MBbls of oil purchased fixed price swaps hedged at \$69.10 per barrel with a fair value of (\$6) million and 620 MBbls of oil sold fixed price swaps hedged at \$68.90 with a fair value of \$13 million.

Other Derivative Contracts

	Volume (Bcf)	Weighted Average Strike Price per MMBtu	Fair value at December 31, 2018 (\$ in millions)
Purchased Call Options – Natural Gas			
2020	68	\$ 3.63	\$ 4
2021	57	3.52	2
Total	125		\$ 6

Sold Call Options – Natural Gas

2019	52	\$ 3.50	\$ (3)
2020	137	3.39	(12)
2021	114	3.33	(7)
Total	303		\$ (22)

	Volume (MBbls)	Weighted Average Strike Price per Bbl	Fair Value at December 31, 2018 (\$ in millions)
Sold Call Options – Oil			
2019	270	\$ 65.00	\$ –

	Volume (Bcf)	Weighted Average Strike Price per MMBtu	Basis Differential	Fair Value at December 31, 2018 (\$ in millions)
Storage ⁽¹⁾				
<u>2019</u>				
Fixed price swaps	0.8	\$ 3.03	\$ –	\$ –
Basis swaps	0.8	–	(0.44)	–
Total				\$ –

(1) The Company has entered into certain derivatives to protect the value of volumes of natural gas injected into a storage facility that will be withdrawn at a later date.

Explanation and Reconciliation of Non-GAAP Financial Measures

The Company reports its financial results in accordance with accounting principles generally accepted in the United States of America ("GAAP"). However, management believes certain non-GAAP performance measures may provide financial statement users with additional meaningful comparisons between current results, the results of its peers and of prior periods.

One such non-GAAP financial measure is net cash flow. Management presents this measure because (i) it is accepted as an indicator of an oil and gas exploration and production company's ability to internally fund exploration and development activities and to service or incur additional debt, (ii) changes in operating assets and liabilities relate to the timing of cash receipts and disbursements which the Company may not control and (iii) changes in operating assets and liabilities may not relate to the period in which the operating activities occurred.

Additional non-GAAP financial measures the Company may present from time to time are net debt, adjusted net income, adjusted diluted earnings per share, adjusted EBITDA and its E&P and Midstream segment operating income, all which exclude certain charges or amounts. Management presents these measures because (i) they are consistent with the manner in which the Company's position and performance are measured relative to the position and performance of its peers, (ii) these measures are more comparable to earnings estimates provided by securities analysts, and (iii) charges or amounts excluded cannot be reasonably estimated and guidance provided by the Company excludes information regarding these types of items. These adjusted amounts are not a measure of financial performance under GAAP.

	3 Months Ended December 31,	
	2018	2017
	(in millions)	
Net income attributable to common stock:		
Net income (loss) attributable to common stock	\$ 307	\$ 267
Add back:		
Participating securities – mandatory convertible preferred stock	–	31
Restructuring charges	19	–
Gain on sale of assets, net	(16)	(1)
(Gain) loss on certain derivatives	(89)	(101)
Loss on early extinguishment of debt	9	3
Legal settlement charges	1	–
Loss on foreign currency adjustment	–	6
Adjustments due to inventory valuation and other	2	(1)
Adjustments due to discrete tax items ⁽¹⁾	(75)	(176)
Tax impact on adjustments	18	35
Adjusted net income attributable to common stock	\$ 176	\$ 63

(1) Primarily relates to the exclusion of certain discrete tax adjustments associated with the valuation allowance against deferred tax assets. The Company expects its 2018 income tax rate to be 24.5% before the impacts of any valuation allowance.

	12 Months Ended December 31,	
	2018	2017
	(in millions)	
Net income attributable to common stock:		
Net income attributable to common stock	\$ 535	\$ 815
Add back:		
Participating securities – mandatory convertible preferred stock	–	90
Impairments	171	–
Restructuring charges	39	–
Gain on sale of assets, net	(17)	(4)
(Gain) loss on certain derivatives	24	(451)
Loss on early extinguishment of debt	17	73
Legal settlement charges	9	5
Loss on foreign currency adjustment	–	6
Adjustments due to inventory valuation and other	3	(2)
Adjustments due to discrete tax items ⁽¹⁾	(130)	(455)
Tax impact on adjustments	(61)	142
Adjusted net income attributable to common stock	<u>\$ 590</u>	<u>\$ 219</u>

(1) Primarily relates to the exclusion of certain discrete tax adjustments associated with the valuation allowance against deferred tax assets. The Company expects its 2018 income tax rate to be 24.5% before the impacts of any valuation allowance.

	3 Months Ended December 31,	
	2018	2017
Diluted earnings per share:		
Diluted earnings per share	\$ 0.54	\$ 0.53
Add back:		
Participating securities – mandatory convertible preferred stock	–	0.06
Restructuring charges	0.03	–
Gain on sale of assets, net	(0.03)	–
(Gain) loss on certain derivatives	(0.16)	(0.20)
Loss on early extinguishment of debt	0.02	0.01
Legal settlement charges	0.00	–
Loss on foreign currency adjustment	–	0.01
Adjustments due to inventory valuation and other	0.01	0.00
Adjustments due to discrete tax items ⁽¹⁾	(0.13)	(0.36)
Tax impact on adjustments	0.03	0.07
Adjusted diluted earnings per share	<u>\$ 0.31</u>	<u>\$ 0.12</u>

(1) Primarily relates to the exclusion of certain discrete tax adjustments associated with the valuation allowance against deferred tax assets. The Company expects its 2018 income tax rate to be 24.5% before the impacts of any valuation allowance.

	12 Months Ended December 31,	
	2018	2017
Diluted earnings per share:		
Diluted earnings per share	\$ 0.93	\$ 1.63
Add back:		
Participating securities – mandatory convertible preferred stock	–	0.18
Impairments	0.30	–
Restructuring charges	0.06	–
Gain on sale of assets, net	(0.03)	(0.01)
(Gain) loss on certain derivatives	0.04	(0.90)
Loss on early extinguishment of debt	0.03	0.15
Legal settlement charges	0.02	0.01
Loss on foreign currency adjustment	–	0.01
Adjustments due to inventory valuation and other	0.01	(0.00)
Adjustments due to discrete tax items ⁽¹⁾	(0.23)	(0.91)
Tax impact on adjustments	(0.11)	0.28
Adjusted diluted earnings per share	<u>\$ 1.02</u>	<u>\$ 0.44</u>

(1) Primarily relates to the exclusion of certain discrete tax adjustments associated with the valuation allowance against deferred tax assets. The Company expects its 2018 income tax rate to be 24.5% before the impacts of any valuation allowance.

	3 Months Ended December 31,	
	2018	2017
	(in millions)	
Net cash flow provided by operating activities:		
Net cash provided by operating activities	\$ 252	\$ 308
Add back:		
Changes in operating assets and liabilities	88	14
Restructuring charges	19	-
Net cash flow	\$ 359	\$ 322

	12 Months Ended December 31,	
	2018	2017
	(in millions)	
Net cash flow provided by operating activities:		
Net cash provided by operating activities	\$ 1,223	\$ 1,097
Add back:		
Changes in operating assets and liabilities	90	41
Restructuring charges	39	-
Net cash flow	\$ 1,352	\$ 1,138

	3 Months Ended December 31,	
	2018	2017
	(in millions)	
EBITDA:		
Net income	\$ 307	\$ 334
Add back:		
Interest expense	24	38
Income tax expense (benefit)	1	(79)
Depreciation, depletion and amortization	134	140
Restructuring charges	19	-
Gain on sale of assets, net	(16)	(1)
Loss on early extinguishment of debt and other bank fees	9	3
Legal settlement charges	1	-
(Gain) loss on certain derivatives	(89)	(101)
Loss on foreign currency adjustment	-	6
Adjustments due to inventory valuation and other	2	(1)
Stock based compensation expense	3	6
Adjusted EBITDA	\$ 395	\$ 345

	12 Months Ended December 31,	
	2018	2017
	(in millions)	
EBITDA:		
Net income	\$ 537	\$ 1,046
Add back:		
Interest expense	124	135
Income tax expense (benefit)	1	(93)
Depreciation, depletion and amortization	560	504
Impairments	171	-
Restructuring charges	39	-
Gain on sale of assets, net	(17)	(4)
Loss on early extinguishment of debt and other bank fees	17	73
Legal settlement charges	9	5
(Gain) loss on certain derivatives	24	(451)
Loss on foreign currency adjustment	-	6
Adjustments due to inventory valuation and other	3	(2)
Stock based compensation expense	16	28
Adjusted EBITDA	\$ 1,484	\$ 1,247

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